

PRESS RELEASE

The Luxury Homes Market in Milan: at a seven year high!

Milan, 18 October 2018 – Today Tirelli & Partners presented at their headquarters at 2, Via Leopardi, Milan their Overview of Luxury Homes, an analysis of the most prestigious segment of the Milan property market, published for the fifteenth year.

“The first half of 2018 was outstanding! It was without doubt the best six month period for the last seven years in terms of sales,” explained Marco Tirelli. All the key indicators are positive: the rise in **demand** is impressive over all the price bands of the sector and for all types of purchasers, whether first time buyers, those changing home, or buying for investment purposes. The absorption index has jumped to 19.1%, close to the traditional levels for this market. *“It has taken five years to return, very gradually, to a **healthy market with a promising future,**”* continued Tirelli.

The **average asking prices** during the first half of 2018 show an average increase of 1.5% but the **highest average prices** (for the most expensive homes, in the top quartile) are even more dynamic, with an increase of 2.4%. **Quality** is making more and more of a difference!

*“Average **discounts** obtained with respect to the asking price for completed transactions continue to decrease, at around 7.8%. It is interesting to point out that discounts applied to renovated homes are higher than for those in need of renovation. This is a strong signal that the market does not always recognise the value of renovations carried out by owners in line with their personal tastes and who wish the cost to be included in the asking price,”* said Gabriele Torchiani. On average, sales that are completed within four months, becoming more common, have discounts of less than 3%. There are also cases where there is no discount.

*“The swift reduction in **time to sell**, now under 10 months, is the most striking and significant feature of this report,”* continued Torchiani, *“and it marks a psychological threshold that reinforces the conviction that the luxury homes sector of the Milan property market has completed the long-awaited turnaround.”* This trend, together with the **average inventory times of unsold properties** which, on the contrary, have risen slightly, is evidence that buyers prefer high quality, new build homes placed on the market over the past twelve months while it penalises those that have been on the market for more than eighteen months.

For the top band in this segment, the most prestigious homes, there is again in Milan the situation of an **insufficient supply** of properties for purchasers ready to complete deals in a short space of time and with only 'minimal' negotiations when dealing with a reputable firm and offered 'unique' opportunities.

The combination of increased prices and reduced discounts has brought about an increase of 1.8% in **average actual sold prices** compared to 2017. The three most important transactions during this period were in the Centro Storico (Historic Centre), Quadrilatero, and Magenta, for a total value of about 16 million euros. *"It is worth noting,"* concluded Torchiani, *"that in Quadrilatero there was a sale at a price per square metre of over 20,000 euros."*

The **rental** sector is continuing the positive trend of the past eighteen months. Demand is still very high on the part of Milan residents who have problems finding the ideal property to buy and who decide to rent on a temporary basis, and also from foreigners who continue to keep the market buoyant. *"The average quality of properties on the market continues to improve,"* continued Tirelli, *"in terms of upgrading and the possibility to move in immediately. A significant proportion of owners are now aware of the need to offer homes that are "ready", adequately upgraded."* The combination of significant demand and the availability of a continually improving number of properties has brought about a new increase in the **absorption index**, close to 25%.

The levels of **asking rents** show further increases. Once again it is the highest average rents that lead the market, or rather those properties that most closely reflect the expectations of renters, showing an increase in annual rents of more than 4%. Average levels of return on investment for luxury homes in Milan follow the rising trend of the past thirty months, reaching the highest levels for 5 years. Despite the increase in sale price, an average return on investments of 3.3% can now be obtained.

The **average time to rent** has also fallen (8.9 months), as well as the **average inventory time for unrented properties** (11.8%). The **average discount** has fallen by 0.2% compared to the previous six month period, reaching 7%, the lowest value for 6 years.

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